



Title: Title I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 04-4, Kentucky State Income Tax Withholding

Date: March 24, 2004

To: Holders of TAXES (State of Kentucky only)
Personnel User Groups
T&A Contact Points in Kentucky

Beginning with wages paid for Pay Period 6, the National Finance Center (NFC) will increase the standard deduction from \$1,830 to \$1,870 for the withholding of Kentucky state income tax.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to the NFC home page (www.nfc.usda.gov) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by “►◄”.

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630**. Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at customer.support@usda.gov. Refer questions about this bulletin to **504-255-5322** or via e-mail to nfc.pvct@usda.gov.

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Government Employees Services Division

Kentucky State Income Tax Information

State Abbreviation: KY
State Tax Withholding State Code: 21
Acceptable Exemption Form: K-4
Basis For Withholding: State Exemptions
Acceptable Exemption Data: 0 / Number of Exemptions
TSP Deferred: Yes
Special Coding: Determine the Total Number Of Allowances field as follows:
 First Position - Enter 0 (zero).
 Second and Third Positions - Enter the number of exemptions claimed.
Additional Information: None

Withholding Formula ►(Effective Pay Period 6, 2004)◄

1. Subtract the biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment from the adjusted gross biweekly wages.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages times 26 to obtain the annual wages.
5. Subtract the standard deduction of ►\$1,870◄ from the result of step 4 to compute the taxable income.
6. Apply the taxable income computed in step 5 to the following table to determine the annual Kentucky tax withholding.

Tax Withholding Table

If the Amount of Taxable Income Is:		The Amount of Kentucky Tax Withholding Should Be:			
Over:	But Not Over:				Of Excess Over:
\$ 0	\$ 3,000	\$ 0	plus	2%	\$ 0
3,000	4,000	60	plus	3%	3,000
4,000	5,000	90	plus	4%	4,000
5,000	8,000	130	plus	5%	5,000
8,000	and over	280	plus	6%	8,000

7. Determine the exemption allowance by applying the following guideline and subtract this amount from the result of step 6 to compute the annual Kentucky tax withholding.
 Exemption Allowance = \$20 x Number of Exemptions
8. Divide the annual Kentucky tax withholding by 26 to obtain the biweekly Kentucky tax withholding.